

**EDUCATION DEBT REDUCTION PROGRAM**

**1. REASON FOR ISSUE:** This Veterans Health Administration (VHA) Directive is issued to implement the Department of Veterans Affairs (VA) Education Debt Reduction Program (EDRP) as authorized in Title 38, United States Code, Sections 7681 to 7683.

**2. SUMMARY OF CHANGES:** This Directive sets forth the regulations and policy for VHA to implement EDRP.

**3. RELATED DOCUMENTS:** VHA Directive 1020, VHA Handbook 1020.1, and VHA Handbook 1020.2.

**4. RESPONSIBLE OFFICE:** The Health Care Staff Development and Retention Office (10A2D) is responsible for the contents of this Directive. Questions may be referred to (504) 589-5267 or (202) 273-8887.

**5. RESCISSIONS:** None.

**6. RECERTIFICATION:** The document is scheduled for recertification on/or before the last working day of May 2007.

S/ by Timothy N. Buckley for  
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Under Secretary for Health

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## EDUCATION DEBT REDUCTION PROGRAM

**1. PURPOSE:** This Veterans Health Administration (VHA) Directive implements the Department of Veterans Affairs (VA) Education Debt Reduction Program (EDRP).

**2. BACKGROUND:** EDRP authorizes VA to make debt reduction payments to certain recently appointed employees who have outstanding, qualifying educational loans. It endeavors to assist VHA in meeting its current or anticipated staffing needs in certain health care occupations for which recruitment or retention is difficult. The maximum amount of an EDRP award is \$44,000 for 5 years of service. An award may be provided in one to five payments that are limited to the amount specified for each period of service that follows: up to \$6,000 at the conclusion of the first year of service, up to \$8,000 at the conclusion of the second year of service and up to \$10,000 at the end of the third, fourth, and fifth year(s) of service. Beginning in calendar year 2003, the maximum award will be adjusted in direct proportion to each general Federal pay increase. ***NOTE:** The general Federal pay increase does not include locality pay.* An award payment may not exceed the actual amount of principal and interest that a participant paid on a qualifying loan during the specific period of service covered by such payment. As a condition of participating in EDRP, an employee must sign an Acceptance of Conditions form.

**3. AUTHORITY:** The Secretary of Veterans Affairs has delegated authority to the Under Secretary for Health to issue regulations implementing the Health Professionals Education Assistance Program (HPEAP), Title 38 United States Code (U.S.C.) Chapter 76, in accordance with 38, U.S.C., Sections 501, 512, and 7421. This Directive constitutes VA's regulations implementing the EDRP component of HPEAP.

**4. POLICY:** It is VHA policy to establish and implement EDRP as authorized in Title 38, U.S.C., Sections 7681 to 7683. The program requirements are described in subparagraphs 5a through 5q. VHA Handbook 1020.1 contains additional information about the program and includes a copy of the EDRP Acceptance of Conditions and other forms.

### 5. ACTION

a. **Director, Health Care Staff Development and Retention Office (HCSDRO) (10A2D).** The Director, HCSDRO (10A2D), is responsible for national implementation and management of EDRP. This includes, but is not limited to, policy development and implementation, funding allocation, and program oversight and evaluation.

b. **Facility Directors.** Facility Directors are responsible for local-level EDRP implementation and management consistent with this Directive and its related Handbook. Other specific responsibilities of the facility Director include:

(1) Ensuring that local policies and procedures related to this Directive are developed and implemented with involvement and/or negotiation with the exclusive Labor Representatives as appropriate in accordance with this policy, governing labor-management agreements and applicable law and regulations.

(2) Identifying health care staffing needs that can be met through use of EDRP.

(3) Ensuring that EDRP payments are provided only to eligible employees who are approved under this program, consistent with statutory authority and the EDRP Handbook.

c. **Eligibility.** An employee must meet the following requirements to be eligible to participate in EDRP.

(1) The individual must be a recently appointed VHA employee. ***NOTE: An individual is considered to be recently appointed to a position if the individual has held that position for less than 6 months.***

(2) The individual must be appointed to one of the following positions for which recruitment and retention of qualified personnel is difficult:

- (a) Physician,
- (b) Dentist,
- (c) Podiatrist,
- (d) Pharmacist,
- (e) Licensed practical and/or vocational nurse,
- (f) Expanded-function dental auxiliary,
- (g) Registered nurse,
- (h) Certified registered nurse anesthetist,
- (i) Physician assistant,
- (j) Optometrist,
- (k) Physical therapist,
- (l) Occupational therapist,
- (m) Certified respiratory therapy technician,
- (n) Registered respiratory therapist,
- (o) Psychologist,
- (p) Social worker,
- (q) Nuclear medicine technologist,

- (r) Dietitian,
- (s) Occupational therapy assistant,
- (t) Physical therapy assistant,
- (u) Medical technologist,
- (v) Diagnostic radiologic technologist,
- (w) Therapeutic radiologic technologist,
- (x) Medical instrument technician,
- (y) Pharmacy technician,
- (z) Audiologist,
- (aa) Speech pathologist,
- (bb) Orthotist or prosthetist,
- (cc) Medical records administrator and specialist,
- (dd) Prosthetic representative,
- (ee) Medical records technician, and
- (ff) Biomedical engineer.

(3) The individual must owe any amount of principal and interest under a loan, the proceeds of which were used by or on behalf of that individual to pay costs relating to a course of education or training which led to a degree that qualified the individual for a position listed in subparagraph 5c(2).

d. **Temporary Expansion of Individuals Eligible for Participation in EDRP**

(1) Though participation in EDRP is limited to recently appointed individuals, as stated in subparagraph 5c(1), the period of eligibility may be temporarily expanded for a VHA employee who meets the following conditions:

(a) The employee must have been serving in one of the following positions on the day before enactment of the VA Health Care Programs Act of 2001: physician, dentist, podiatrist, pharmacist, licensed practical and/or vocational nurse, expanded-function dental auxiliary, registered nurse, certified registered nurse anesthetist, physician assistant, optometrist, physical therapist, occupational therapist, certified respiratory therapy technician and registered respiratory therapist.

(b) The employee must have been appointed to one of the positions cited in 5d(1)(a) between January 1, 1999, and December 31, 2001, and must have been serving in such a position at the time of filing an application for participation in EDRP.

(2) This temporary authority must be exercised on a case-by-case basis. Determinations will be based on recommendations from facility directors and the availability of funds.

(3) This temporary authority may not be exercised after June 30, 2002. **NOTE:** *Employees authorized to participate in EDRP under this temporary authority may complete their service period(s) after June 30, 2002.*

(4) Employees who participate in EDRP under this temporary authority are not eligible to receive debt reduction payments for payments of interest and principle that they made prior to the date that they are authorized to begin their service period(s).

e. **Allowable Debt Reduction Expenses**

(1) An EDRP award may cover certain amounts paid to reduce the balance on qualifying educational loans for: tuition expenses; all other reasonable educational expenses, including expenses for general fees, books, and laboratory fees; and reasonable living expenses.

(2) An education debt reduction payment may not exceed the actual amount of principal and interest, up to the authorized program limits, that a participant paid to reduce the balance on a qualifying educational loan or loans during a specific period of service covered by an EDRP Acceptance of Conditions form. Participants must provide appropriate documentation to substantiate any amounts that they paid during a service period to reduce the principal and interest on their loans. Further delineation of the funding limits on EDRP awards is included in subparagraph 5f.

(3) Educational loans that qualify for coverage under the EDRP are limited to Government (Federal, state, local) and commercial loans for health professional education. Additionally, the health professional education covered by such loans must have qualified the participants for appointments to the positions for which the EDRP awards were authorized.

(4) Some individuals may have consolidated two or more educational loans under a single loan. The EDRP only covers loans for education that qualified participants for appointments to specified health positions. Accordingly, applicants who have consolidated their outstanding educational loans must provide documentation to verify the portion of the balances on their consolidated loans that may be covered under EDRP.

f. **Education Debt Reduction Payments**

(1) The total amount of debt reduction payments that may be awarded to an employee is limited to \$44,000 for a full-time employee. A program participant may not receive more than five education debt reduction payments. Each debt reduction payment will be made at the conclusion of a 12-month service period in a paid status. The first, and in some cases the only, service period begins on the day after an EDRP Acceptance of Conditions form is consummated. The annual amount of debt reduction award that a full-time employee may receive is limited to:

- (a) \$6,000 for the first year of an employee's participation in the program.
  - (b) \$8,000 for the second year of an employee's participation in the program.
  - (c) \$10,000 for the third year of the employee's participation in the program.
  - (d) \$10,000 for the fourth year of the employee's participation in the program.
  - (e) \$10,000 for the fifth year of the employee's participation in the program.
- (2) The maximum education debt reduction award is increased in direct proportion to the general Federal pay raise for those awards that are obligated in the same fiscal year the pay increase takes effect. **NOTE:** *The general Federal pay increase does not include locality pay. The maximum education debt reduction award will not be increased in calendar year 2002.*
- (3) The education and training supported by loans for which EDRP payments are made must meet applicable requirements specified in the VA qualification standard that covers the position to which the program participant was appointed.
- (4) Education debt reduction payments to part-time employees are pro-rated based on the proportion of their regular part-time schedules to full-time employment. A part-time participant's work schedule should not be adjusted during a period covered under an EDRP Acceptance of Conditions without prior approval of HCSDRO (10A2D).
- (5) Participants are ineligible to receive debt reduction payments for the time that they are in a non-pay status. The time that a participant spends in a non-pay status during a 12-month service period covered under an EDRP Acceptance of Conditions must be made up with paid service before a payment will be made to the participant. Once again, a participant may not receive an education debt reduction payment for a service period covered under an EDRP Acceptance of Conditions until they have completed 12 months of paid service in the specified duty status for that particular period.
- (6) If an EDRP award covers two or more service periods, the participant must continuously serve in the position for which the award was authorized until all of the periods of service have been completed. The second service period begins on the day after the first one ends and each subsequent period will begin the day after the prior one ends.
- (7) Participants who do not maintain acceptable levels of performance in the positions covered by their EDRP Acceptance of Conditions forms will not be eligible to receive education debt reduction payments. Annual performance or proficiency ratings will be used to determine if participants' performance levels are acceptable. A performance rating of fully successful or a proficiency rating of satisfactory constitutes an acceptable level of performance for an EDRP participant. A participant who receives a performance rating of less than fully successful or a proficiency rating of less than satisfactory during an EDRP service period will not be eligible to receive an education debt reduction award and will be terminated from the program.
- (8) Education debt reduction payments are exempt from taxation.

(9) An education debt reduction payment must be paid directly to the participant and not to the lending institution.

g. **Funding.** Education debt reduction awards are based on the availability of funds and Department need. Debt reduction awards are prioritized to allow as many employees (who have outstanding loans for education or training in specified health care disciplines for which recruitment or retention is difficult) as possible to receive them. Local and national staffing issues must be considered in making effective EDRP funding decisions.

h. **Academic Curricula**

(1) Education debt reduction payments under EDRP are limited to those loans that supported the academic curricula leading to participant appointments in the following positions:

- (a) Physician,
- (b) Dentist,
- (c) Podiatrist,
- (d) Pharmacist,
- (e) Licensed practical and/or vocational nurse,
- (f) Expanded-function dental auxiliary,
- (g) Registered nurse,
- (h) Certified registered nurse anesthetist,
- (i) Physician assistant,
- (j) Optometrist,
- (k) Physical therapist,
- (l) Occupational therapist,
- (m) Certified respiratory therapy technician,
- (n) Registered respiratory therapist,
- (o) Psychologist,
- (p) Social worker,
- (q) Nuclear medicine technologist,



- (r) Dietitian,
- (s) Occupational therapy assistant,
- (t) Physical therapy assistant,
- (u) Medical technologist,
- (v) Diagnostic radiologic technologist,
- (w) Therapeutic radiologic technologist,
- (x) Medical instrument technician,
- (z) Pharmacy technician,
- (y) Audiologist,
- (z) Speech pathologist,
- (aa) Orthotist or prosthetist,
- (bb) Medical records administrator and specialist,
- (dd) Prosthetic representative,
- (ee) Medical records technician, and
- (ff) Biomedical engineer.

(2) The education and training supported by loans for which EDRP payments are made must meet applicable requirements specified in the VA qualification standard that covers the position to which the program participant was appointed.

i. **Program Length.** A participant in the program may not receive education debt reduction payments for more than five consecutive 12-month periods of paid service.

j. **Program Announcement.** Announcements publicizing opportunities for employees to compete for education debt reduction awards should be prominently displayed at each facility through an open continuous announcement process.

k. **Program Application.** Each candidate must complete an EDRP application and submit it to the local Program Coordinator.

l. **Program Selections.** Selections of EDRP participants must be based on merit without regard to race, creed, color, national origin, sex, age, or disability.

m. **Program Acceptance of Conditions.** A decision to provide an education debt reduction award under EDRP cannot be finalized until an official Acceptance of Conditions form is first signed by the employee and then accepted and signed by the Under Secretary for Health, or designee.

n. **Program Commencement Date.** The program commencement date is the day after the date that a participant's EDRP Acceptance of Conditions form is signed by the Under Secretary for Health, or designee.

o. **Relationship of Other Educational Assistance Programs.** Awards authorized to EDRP participants may be in addition to assistance available to participants under other components of the Educational Assistance Program covered in 38 U.S.C. Chapter 76.

p. **Early Termination of EDRP Participation**

(1) If a program participant vacates the health care professional position for which an education debt reduction award is authorized before fully completing a 12-month period of paid service under an EDRP Acceptance of Conditions, the payment for that period will be reduced by the amount that equates to the proportion of time that was not served during that period. No payments will be authorized for subsequent periods covered under the program, even if the candidate returns to the position for which the award was authorized.

(2) A participant who is separated due to a staffing adjustment before completing a service period covered under an EDRP Acceptance of Conditions shall receive a pro-rated payment based on the proportion of time served in a paid duty status to the total time in the service period. No payments will be authorized for subsequent periods covered under the program.

(3) In cases when it is considered to be in the best interest of VA to reassign an employee to a position that is not covered by EDRP, the participant will be entitled to reimbursement as specified in preceding subparagraph 5p(2).

(4) A participant who receives a performance rating of less than fully successful or a proficiency rating of less than satisfactory during an EDRP service period will not be eligible to receive an education debt reduction payment for the service period in which the rating occurred or for any subsequent service periods covered by the EDRP award.

q. **Applicant or Participant Responsibility.** It is the responsibility of the applicant to:

(1) Complete an EDRP application.

(2) Submit the completed application to the Program Coordinator.

(3) Sign an EDRP Acceptance of Conditions form.

(4) Satisfy all requirements specified in the EDRP Acceptance of Conditions.

(5) Maintain an acceptable level of performance in the position held.

(6) Provide a copy of the loan instrument(s) and payment records in order to validate the indebtedness and justify the EDRP payments for each service period covered under an EDRP Acceptance of Conditions.

**6. REFERENCES**

- a. Title 38 U.S.C. Sections 501, 512, 7421 and 7681-7683.
- b. Public Law 105-368.
- c. Public Law 107-135.